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REPORT

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This is UNEVALUATED Information

SOURCE EVALUATIONS ARE DEFINITIVE. APPRAISAL OF CONTENT IS TENTATIVE

1. Prior to 1950, the iron industry was given preferential treatment in respect to allocation of funds. In 1951, the sum allotted was less, both in relation to the previous year and in comparison with that given to other industries. In 1952, the sum was increased in order to cover important building operations VEB Eisenhuettenkombinat StalinStadt, VEB Eisenhuettenwerk West, Calbe, and VEB Edelmetall Doehlen. In 1953, a relatively large sum was allocated, chiefly to cover the construction work at the factories mentioned above. In the middle of the year this sum was reduced. In 1954, the sum allocated was further reduced. It is expected that the sum allocated for 1955 will be considerably increased because of the claims to be made in respect to armament. The estimated sum given in the table below does not cover this additional commitment. Net sums for new capital investment and reconstruction projects:

Year	In millions of DME	Percentage of 1950 allotment	
1948	176.8	48	
1949	238.4	65	25X1
1950	364.6	100	
1951	302.7	83	
1952	338.5	93	
1953 (original allocation)	316.4	87	25X1
1953 (actual allocation)	170.1	47	
1954	142.1	39	
1955 (estimated)	140.0	38	

2. It was originally intended that the new construction work should be completed in 1953/1954 before the end of the Five-Year Plan. VEB Eisenhuettenkombinat StalinStadt planned to spend 495,000,000 DME on the construction of furnaces VII and VIII, steel works, and rolling mills. The total sum to be spent in 1954, including planning and preliminary expenses, was to amount to 1,300,000,000 DME. The more advanced installations such as furnace VI at VEB Eisenhuettenkombinat StalinStadt, the 6000-ton foundry at Groeditz, and the Krupp-Renn-Anlage of VEB Maxhuetten Unterwellenborn were completed, and the pressure on existing installations relieved. As a result of technical changes, lack of materials, and other supply difficulties in the various plants, the work planned could not be completed in 1954 and had to be carried over to 1955.

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3. The sums in round figures allotted to various plants for 1955:

<u>Plants</u>	<u>In millions of DME</u>	<u>Percentage</u>
VEB Eisenhuettenkombinat StalinStadt	31.0	20
VEB Eisenwerk West, Calbe	16.0	11
VEB Maxhuetten Unterwellenborn	8.0	5
VEB Stahl- und Walzwerk Brandenburg	5.6	3
VEB Stahl- und Walzwerk Riesa	6.7	6
VEB Stahl- und Walzwerk "Wilhelm Florin", Hennigsdorf	4.5	3
VEB Stahl- und Walzwerk Groeditz	23.0	15
VEB Edelstahlwerk Doehlen	10.4	6
VEB Eisen- und Huettenwerk Thale	4.0	3
Blechwalzwerk Isenburger	9.0	6
Others	21.8	22

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4. The iron industry is more dependent than ever on supplies from abroad

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5. Because of the departure of many specialists to the West, those remaining are not able to do the work. Since 1951, efforts have been made to train metal workers as specialists in foundries, steel works, and rolling mills by sending them to courses lasting 3 to 6 months and sometimes a year. The results of these courses have been disappointing. The following training establishments, most of which board the students, have been set up:

Ore-mining	Eisleben
Steel production	Hennigsdorf
Rolling mills, foundry and stamping	Riesa
Iron foundries	StalinStadt (Fuerstenberg/Oder)
Raw-iron production	Maxhuetten Unterwellenborn

Russian "friends" have been introduced into plants to give instructions in the use of new methods and to offset the shortage of specialists.

6. The approximate number of workers in the various plants at the end of December 1954 were as follows:

VEB Eisenhuettenkombinat StalinStadt	4200
VEB Maxhuetten Unterwellenborn	5275
VEB Eisenwerk West, Calbe	1720
VEB Stahl- und Walzwerk Brandenburg	2100
VEB Stahl- und Walzwerk Riesa	8470
VEB Edelstahlwerk Doehlen	1100
VEB Eisen und Huettenwerk Thale	6950
VEB Stahl- und Walzwerk "Wilhelm Florin", Hennigsdorf	6000

7. The number of persons (in thousands) connected with the iron and mining industries between 1950 and 1954 is given below.

	<u>1950</u>	<u>1951</u>	<u>1952</u>	<u>1953</u>	<u>1954</u>
Total number	36.7	46.3	51.6	53.8	54.6
Number connected with actual production	33.2	41.8	45.7	48.1	49.0

1. Comment: Probably the branch plant of VEB Eisengiesserei und Modellbau Wernigerode.

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